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C O N F I D E N T I A L YEREVAN 000710

SIPDIS

DEPARTMENT FOR EUR/CARC AND EUR/ACE

E.O. 12958: DECL: 05/24/2016

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SUBJECT: NA RATIFIES MCC COMPACT; AMBASSADOR DELIVERS
DANILOVICH LETTER TO KOCHARIAN

REF: YEREVAN 560

Classified By: DCM A.F. Godfrey for reasons 1.4 (b,d).

1. (U) On May 24, the Armenian National Assembly ratified the GOAM's Compact with the Millennium Challenge Corporation (MCC) for USD 235.6 million. The vote was 77 to 0 in favor with 4 abstentions. The Compact was signed in Washington on March 27 by MCC Chief Executive Officer Ambassador John Danilovich and Armenian Minister of Finance and Economy Vartan Khachatrian.

2. (C) Also on May 24, Ambassador Evans formally delivered to President Kocharian Danilovich's May 15 response to Kocharian's request for clarification concerning the MCC criteria. During the April 10-12 visit of Rep. Jim Kolbe, Kocharian had requested more specific benchmarks which Armenia must meet to maintain eligibility for MCC funding (reftel).

3. (C) Danilovich's May 15 letter explained that the MCC "indicators are drawn directly from the work of independent international organizations; MCC neither influences or modifies them." MCC highlighted certain "ruling justly" indicators and the types of actions that the MCC believed would signal Armenia's commitment to reform in those areas.

4. (C) Kocharian told the Ambassador that the GOAM was preparing a response to the MCC letter and expressed his frustration, as he has in the past, that the MCC evaluation process relied on old data which did not reflect the current situation. He particularly criticized the MCC's reliance on a 2005 Freedom House Report which was based on data from 2004. (Note: We understand that representatives from Freedom House are scheduled to meet with the Armenian Ambassador in Washington on May 31 to better explain the evaluation process. End Note.)
EVANS